
Subject: Cost Neutrality

Effective Date: October 1, 2006

Revised from:

Policy: The Kansas WIC program will achieve cost neutrality by ensuring that above-50-percent vendors do not result in higher costs to the program than if WIC clients had conducted WIC transactions at regular, traditional vendors.

Reference: 7 CFR § 246.12(g)(4)(i)(D)

Procedure:

1. The State Agency (SA) will forward a pricing list, per check type, to the above 50% storeowner(s) on a monthly basis. This pricing list will contain statewide average redemption costs for WIC check types. The statewide average redemption is calculated excluding any above 50% vendor's redemption prices.
 - a. The pricing list is effective 5 business days after it is mailed out from the SA. This 5-business day lag will enable the storeowner to provide the price list to the store locations and answer any questions store personnel might have.
 - b. The prices detailed on the pricing list are the maximum the Kansas WIC program will pay above 50% vendors for the associated check type. The pricing list is considered the not to exceed (NTE) amount for each check type. If any above 50% vendor attempts to charge over the listed price for a specific check type, the check will be rejected by the Kansas WIC banking contractor and sent back to the vendor unpaid.
2. Rejected checks may be submitted to the SA, following the procedure for requesting reimbursement on a rejected WIC check. The Kansas WIC program will not issue payment for checks that are rejected due to a price increase charged by an above 50% vendor.